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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WS-34 August 26, 1939

THE WHEAT SITUATION
- Including Rye and Flaxseed -

(Summer Outlook Issue)

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Farmers are now making plans for the seeding of winter wheat to be harvested in 1939. This issue of The Wheat Situation, therefore, has been prepared with particular reference to the outlook for the wheat crop to be seeded this fall.

Summary of the Wheat Outlook for 1940

The United States wheat acreage seeded for harvest in 1940 is expected by the Bureau of Agricultural Economics to be about the same as for the 1939 crop. World acreage is expected to remain close to present high record levels. Unless world wheat acreage is adjusted downward or yields per acre are small, very large world supplies will probably continue during the 1940-41 season and any improvement in world prices would depend upon improvement in demand the Bureau says. Wheat prices in the United States are expected to continue to average above export parity as long as the Government loan and export subsidy programs continue and world prices remain low.

The acreage allotted for seeding the 1940 crop under the Agricultural Adjustment Act is 62 million acres. The allotment for the 1939 crop was 55 million acres and actual seedings amounted to 64.6 million acres. Large seedings last year were discouraged by the inducements offered by the Agricultural Adjustment programs, the decline in wheat prices last summer, and the generally unfavorable wheat outlook at planting time. This year there do not appear to be any circumstances which might induce growers to make

important changes in acreage from last year. The seedings for the 1939 crop were only slightly below the 66.9 million acres seeded in the 5-year period, 1929-33, during which acreages changed but little. If the total wheat seedings amount to about 67 million acres, and average yields per seeded acre are obtained, production would amount to about 785 million bushels. This is only about 100 million bushels more than average domestic disappearance.

Summary of Outlook for Wheat Harvested in 1939

Domestic wheat prices are somewhat higher than a month ago. They have remained considerably above export parity as a result of only a moderate sized United States crop, a large proportion of wheat being placed for Government loan, and announcement of the export-aid program. The price of No. 2 Hard Winter wheat at Kansas City for July 1939 was only 3 cents lower than in July 1938, even though the price of Parcels at Liverpool was 44 cents lower this July than a year earlier.

Prospective world wheat supplies 1/ for the year beginning July 1, 1939 are now indicated to be about 160 million bushels more than a year ago. World stocks of old wheat are estimated to be close to 600 million bushels more than a year earlier. World wheat production is now estimated at about 4,130 million bushels, which is about 440 million bushels less than the crop of last year. The crop in the Northern Hemisphere is indicated to be about 380 million bushels below the production last year. On the basis of weather and conditions to date, a reduction of about 60 million bushels is indicated for the Southern Hemisphere countries.

A United States wheat crop of 731 million bushels was indicated as of Aug. 1. This is about 20 million bushels larger than the average domestic disappearance during the past 2 years, and about 45 million bushels larger

1/ All references to world production and stocks in this report exclude the U.S.S.R. and China, except where noted.

than the 10-year (1928-37) average. Domestic disappearance may amount to about 700 million bushels. No definite goal of wheat exports has been determined, in view of the pending world wheat conference and the need for later and more complete data on the wheat situation. If exports should turn out to be near the 10-year (1928-37) average of about 70 million bushels, a crop of this size would cause the carry-over on July 1, 1940 to be reduced about 40 million bushels from the 254 million bushels estimated for July 1, 1939.

Summary of the Rye and Flaxseed Situations

A United States rye crop of 41 million bushels was indicated by August 1 conditions, compared with 55 million bushels harvested last year. The August estimate was decreased by 0.7 million bushels compared with the estimate of July 1. The carry-over of rye is estimated at 23 million bushels, compared with 10 million bushels last year, making total supplies about the same as in 1938. The apparent disappearance of rye in 1938-39 was about 41 million bushels, compared with about 39 million bushels in 1937-38. Exports of United States rye in 1939-40 are expected to be small. In 1938-39 exports totaled less than 1 million bushels.

The domestic supply of flaxseed for 1939-40, including July 1 carry-over and August 1 indicated production, is 18.0 million bushels compared with 10.4 million bushels last year. A supply of this size would be the largest in 9 years. Total world supplies of flaxseed were estimated to be slightly smaller on August 1 this year than a year earlier, increased supplies in the United States being slightly more than offset by decreases in other countries. The sharp decline in flaxseed prices since the middle of June reflects the increase in the size of the 1939 domestic crop compared with that of 1938.

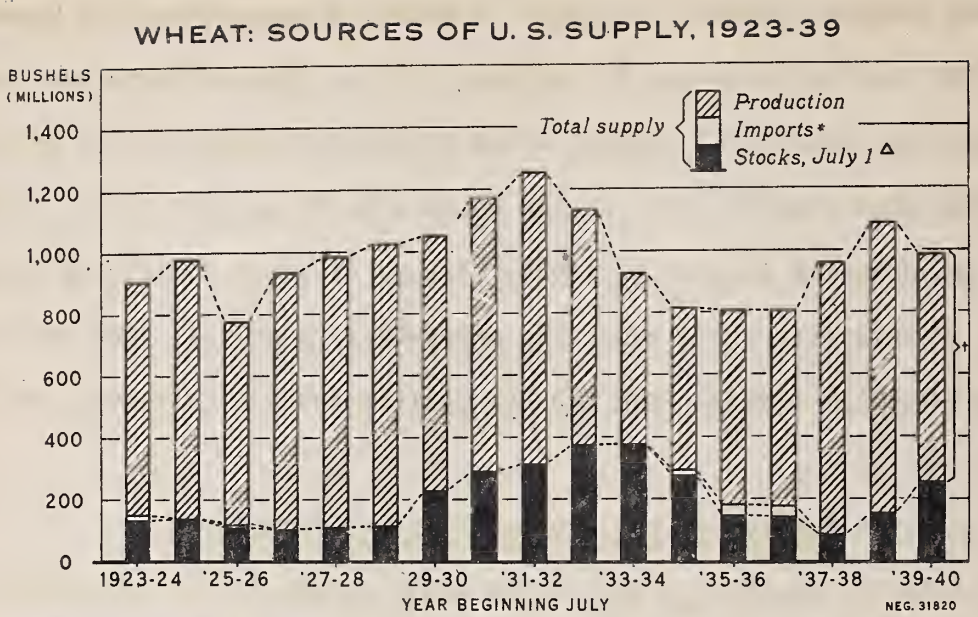


Figure 1

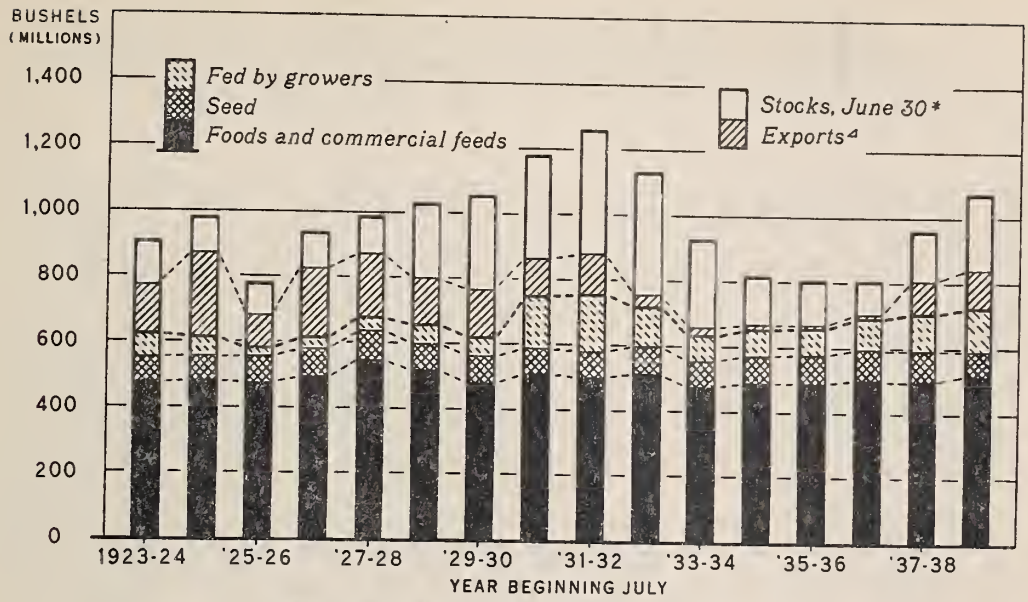
United States wheat production in 1939 was materially less than in 1938 or 1937. Carry-over stocks, after reaching a low point in 1937, have increased in the past 2 years. The carry-over of 254 million bushels in 1939 is 34 million bushels larger than the average during the 10-year period 1929-38.

Wheat: Supply, distribution, and disappearance in continental United States, 1923-39

Year beginning July	Supply							
	Stocks July 1							
	On farms	In country elevators and mills	Commercial stocks 1/	In merchant mills and elevators and stored for others 2/	Total	New crop	Imports (flour included) 3/	Total supply
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
With new wheat in commercial and merchant mill stocks								
1923	35,239	37,117	28,956	31,000	132,312	759,482	14,578	906,372
1924	29,349	36,626	38,112	33,000	137,087	841,617	304	979,008
1925	28,638	25,287	28,900	25,576	108,401	668,700	1,747	778,848
1926	27,071	29,501	16,148	27,505	100,225	832,213	77	932,515
1927	26,640	21,776	21,052	40,038	109,506	875,059	188	984,753
1928	19,588	19,277	38,587	34,920	112,372	914,373	91	1,026,836
1929	45,106	41,546	90,442	51,279	228,373	823,217	53	1,051,643
1930	60,216	60,166	109,327	59,170	288,879	886,470	354	1,175,703
1931	37,867	30,252	203,967	41,202	313,288	941,674	7	1,254,969
1932	93,769	41,585	168,405	71,714	375,473	756,927	10	1,132,410
1933	82,882	64,296	123,712	107,052	377,942	551,683	153	929,778
1934	62,516	48,150	80,548	83,114	274,328	526,393	4/15,569	816,290
1935	44,339	31,729	21,951	49,524	147,543	626,344	34,617	808,504
1936	43,988	22,296	25,202	50,590	142,076	626,766	34,455	803,297
1937	21,851	11,942	16,197	52,899	102,889	875,676	634	979,199
1938	59,113	31,186	28,333	54,214	172,846	930,801	246	1,103,893
1939	90,838	38,291	81,334	85,029	295,492	5/731,432	---	1,026,924
With only old wheat in all stocks positions								
1937	21,851	11,942	9,022	40,399	83,214	875,676	634	959,524
1938	59,113	31,186	22,190	6/ 40,791	153,280	930,801	246	1,084,327
1939	90,838	38,291	64,103	6/ 61,054	254,286	5/731,432	---	985,718

1/ 1923 to 1926 Bradstreets, excluding country elevator stocks. 1923-36 include some new wheat.
2/ Stocks in merchant mills and elevators - 1923 and 1924 estimated in absence of actual figures: 1925 to 1938, Bureau of Census figures raised to represent all merchant mills. Stored for others - 1923 to 1929 estimated in absence of actual figures; 1930 to 1938, Bureau of Census figures raised to represent all merchant mills. 1923-36 include some new wheat.
3/ From reports of Foreign and Domestic Commerce of the United States. Imports include full-duty wheat, wheat paying a duty of 10 percent ad valorem, and flour in terms of wheat; and exclude flour free for export as follows: 42,742 bushels in 1935-36; 14,363 bushels in 1936-37; and 93,737 bushels in 1937-38.
4/ Includes durum wheat returned from Montreal estimated at 1,500,000 bushels.
5/ Indicated August 1, 1939.
6/ For 1937 excludes new wheat estimated at 12,500,000 bushels; for 1938 excludes 13,423,000 bushels, and for 1939, 23,975,000 bushels reported as new wheat by Bureau of Census.

WHEAT: DISTRIBUTION OF U. S. SUPPLY, 1923-38



*1924-37 INCLUDES SOME NEW WHEAT
4 INCLUDES FLOUR MILLED FROM DOMESTIC WHEAT ONLY

U. S. DEPARTMENT OF AGRICULTURE **Figure 2** NEG. 31821 BUREAU OF AGRICULTURAL ECONOMICS

Wheat exports of about 100 million bushels for the year beginning July 1, 1938 were made possible by the subsidy program. The quantity of wheat fed in 1938-39 was the largest in our history. This item largely accounts for the variations in total domestic disappearance.

Wheat: Supply, distribution, and disappearance in continental United States, 1923-38

Year beginning July	Distribution								Stocks June 30 4/
	Exports and shipments 1/				Domestic disappearance				
	Exports (wheat only)	Exports flour as wheat	Shipments (flour included) 2/	Total	Seed	Feed (fed on farms of wheat growers)	Foods and commercial feeds 3/	Total	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
With new wheat in commercial and merchant mill stocks									
1923	78,793	67,213	2,973	148,979	74,111	69,670	476,525	620,306	137,087
1924	195,490	59,478	2,871	257,839	79,895	55,727	477,146	612,768	108,401
1925	63,189	31,428	2,741	97,358	78,828	28,214	474,223	581,265	100,225
1926	156,250	49,761	3,082	209,093	83,264	34,261	496,391	613,916	109,506
1927	145,999	45,228	2,692	193,919	89,864	44,507	544,091	678,462	112,372
1928	103,114	38,106	3,172	144,392	83,663	56,566	513,842	654,071	228,373
1929	93,175	48,179	2,983	143,337	83,353	58,769	477,305	619,427	288,879
1930	76,365	36,063	2,850	115,278	80,886	157,188	509,063	747,137	313,288
1931	96,521	26,376	2,757	125,654	80,049	173,991	499,802	753,842	375,473
1932	20,887	10,979	3,023	34,889	83,513	124,912	511,154	719,579	377,942
1933	18,800	6,798	2,779	28,377	77,832	72,261	476,980	627,073	274,328
1934	3,019	7,512	2,783	13,314	82,220	83,700	489,513	655,433	147,543
1935	311	3,896	2,908	7,115	87,555	83,168	488,590	659,313	142,076
1936	3,168	6,099	3,009	12,276	96,593	88,272	503,267	688,132	102,889
1937	83,747	16,322	3,321	103,390	94,533	112,860	495,570	702,963	172,846
1938	84,539	22,059	2,886	109,484	77,987	131,643	489,287	698,917	295,492
With only old wheat in all stocks positions									
1937	87,747	16,322	3,321	103,390	94,533	112,860	495,461	702,854	153,280
1938	84,539	22,059	2,886	109,484	77,987	131,643	510,927	720,557	254,286

1/ From reports of Foreign and Domestic Commerce of the United States. Exports include only flour made from domestic wheat; 1923-35 estimated on basis of total exports less wheat imported for milling in bond and export adjusted for changes in carry-over; beginning 1935 figures for exports of flour wholly from United States wheat.
2/ Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands (Virgin Islands prior to December 31, 1934 included with domestic exports).
3/ Balancing item.
4/ For individual items see supply section.

ALL WHEAT: ACREAGE SEEDED, YIELD PER ACRE, AND PRODUCTION, UNITED STATES, 1919-39

Figure 3

The total wheat acreage seeded for harvest in 1939 was materially less than the acreage for the 1937 and 1938 crops, but it was only slightly below the 66.9 million acres seeded in the 5-year period, 1929-33, during which acreages changed but little.

All Wheat: Acreage seeded, yield per acre, and production, United States, 1919-39

Year of harvest	Seeded acreage	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	77,440	12.3	952,097
1920	67,977	12.4	843,277
1921	67,681	12.1	818,964
1922	67,163	12.6	846,649
1923	64,510	11.8	759,482
1924	55,706	15.1	841,617
1925	61,738	10.8	668,700
1926	60,712	13.7	832,213
1927	65,661	13.3	875,059
1928	71,152	12.9	914,373
1929	66,840	12.3	823,217
1930	67,150	13.2	886,470
1931	65,998	14.2	941,674
1932	65,913	11.5	756,927
1933	68,485	8.1	551,683
1934	63,562	8.3	526,393
1935	69,207	9.1	626,344
1936	73,724	8.5	626,766
1937	81,072	10.8	875,676
1938	79,870	11.7	930,801
1939 1/	64,595	11.3	731,432

1/ Preliminary.

WINTER WHEAT: ACREAGE SEEDED, YIELD PER ACRE, AND PRODUCTION, UNITED STATES, 1919-39

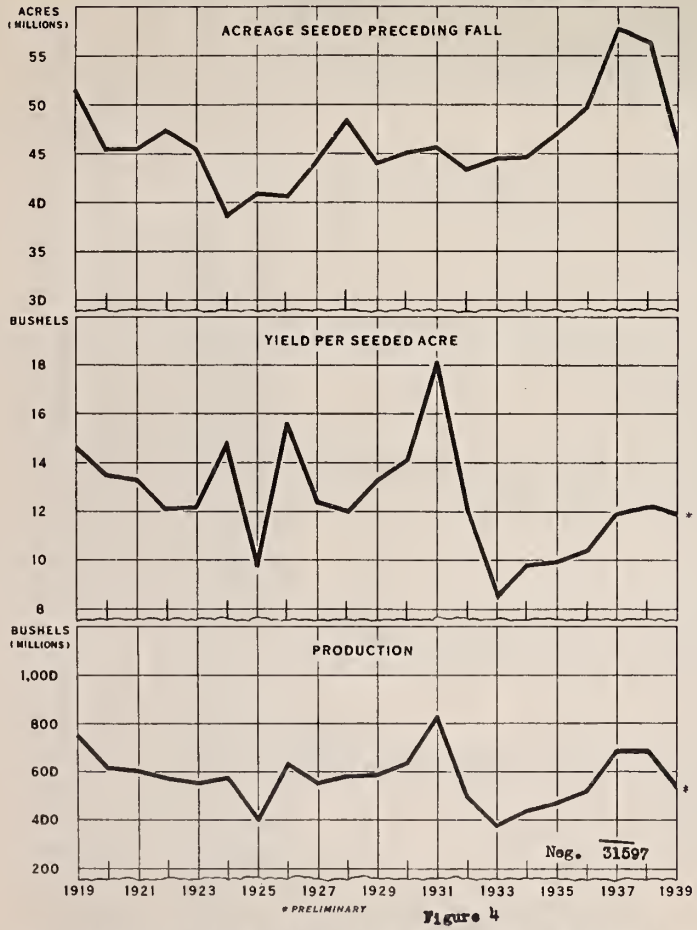


Figure 4

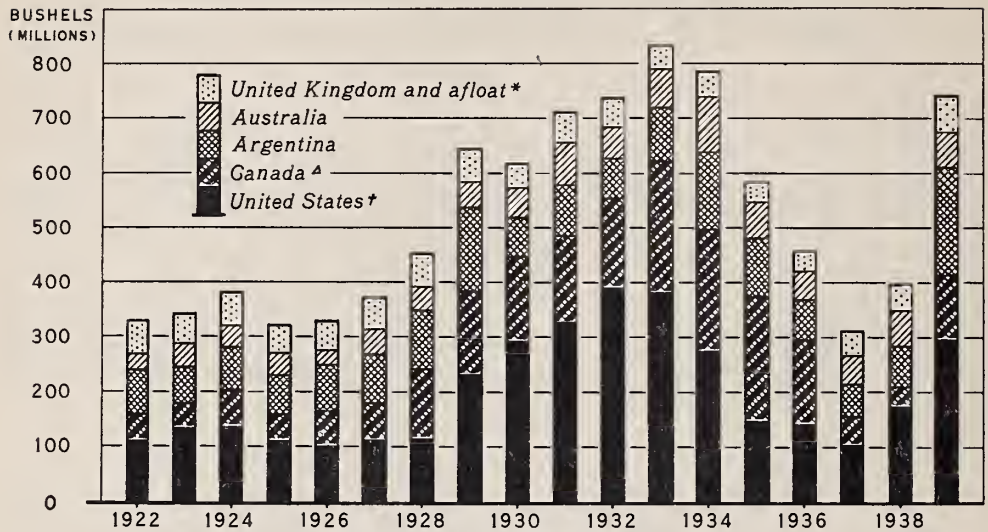
The winter wheat acreage seeded for the 1939 crop, 46.2 million bushels, was only slightly larger than the average of 44.5 million acres for the 5-year period 1929-33, although materially less than the acreage seeded for the 1937 and 1938 crops.

Winter Wheat: Acreage seeded, yield per acre, and production, United States, 1919-39

Year of harvest	Acreage seeded	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	51,391	14.6	748,460
1920	45,505	13.5	613,227
1921	45,479	13.3	602,793
1922	47,415	12.1	571,459
1923	45,408	12.2	555,299
1924	38,638	14.8	573,563
1925	40,922	9.8	400,619
1926	40,604	15.6	631,607
1927	44,134	12.4	548,188
1928	48,431	12.0	579,066
1929	43,967	13.3	586,239
1930	45,032	14.1	633,605
1931	45,647	18.1	825,396
1932	43,371	12.0	491,795
1933	44,445	8.5	376,518
1934	44,585	9.8	437,963
1935	47,064	9.9	465,319
1936	49,765	10.4	519,874
1937	57,656	11.9	685,824
1938	56,355	12.2	686,637
1939 1/	46,173	11.9	550,710

1/ Preliminary.

WHEAT: STOCKS IN MAJOR EXPORTING COUNTRIES AND AFLOAT, AS OF JULY 1, 1922-39



* INCLUDES STOCKS IN UNITED KINGDOM PORTS, SUPPLIES AFLOAT TO UNITED KINGDOM, CONTINENT, AND FOR ORDERS

△ INCLUDES CANADIAN WHEAT IN UNITED STATES

† INCLUDES UNITED STATES WHEAT IN CANADA

NEG. 21335

Figure 5

The large increase in stocks on July 1, 1939 was the result of the very large crops in 1938. Stocks in Argentina, the United States, and Canada all increased sharply.

Wheat: Stocks in major exporting countries and afloat, as of about July 1, 1922-39

Year	United States grain 1/	Canadian grain 2/	Argentina	Australia	United Kingdom 3/	Total
	Million bu.	Million bu.	Million bu.	Million bu.	Million bu.	Million bu.
1922	110	48	82	29	61	330
1923	134	44	67	41	56	342
1924	137	67	79	39	62	384
1925	111	48	73	40	51	323
1926	101	63	85	28	53	330
1927	111	67	89	46	59	372
1928	115	128	107	43	61	454
1929	232	152	155	47	61	647
1930	294	154	70	57	44	619
1931	328	158	94	77	56	713
1932	391	161	73	58	56	739
1933	382	238	98	70	44	832
1934	274	222	143	101	48	788
1935	148	226	105	67	38	584
1936	142	155	72	52	37	458
1937	103(83)	51	59	53	45	311 (291)
1938	173(154)	36	74	64	49	396 (377)
1939	296(255)	118	196	64	67	741 (700)

Compiled as follows: United States - Stocks on farms, in country mills and elevators, commercial, in merchant mills and elevators, and stored for others by merchant mills.

Canada - 1922 - 1923, carry-over August 31, plus net exports and estimated retention of flour during July and August, 1924 to date, carry-over July 31, plus net exports and estimated retention of flour for July.

Argentina - Carry-over on December 31, plus exports and estimated domestic consumption, July 1 to December 31.

Australia - 1922 - 1924, exports only plus estimated domestic consumption, July 1 to December 31. 1925 to date, carry-over on December 1, plus net exports and estimated domestic consumption, July 1 to November 30.

1/ Includes United States wheat in Canada. 2/ Includes Canadian wheat in United States. 3/ Includes stocks in United Kingdom ports, supplies afloat to United Kingdom, Continent, and for orders.

WHEAT: ESTIMATED ACREAGE, YIELD, AND PRODUCTION, WORLD
(EXCLUDING SOVIET RUSSIA AND CHINA), 1923-38

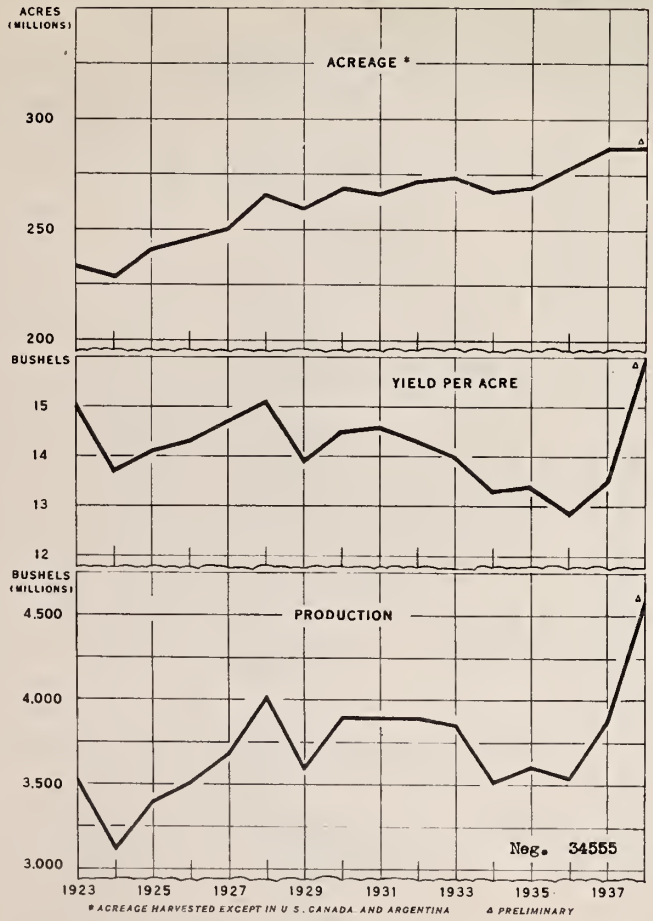


Figure 6

World wheat acreage has been steadily increasing over a period of years. World production was not large in 1934-36 because yields per acre were considerably below average. In 1937, with more normal yields, production was again large, and in 1938, with very high yields per acre, the largest world wheat crop in history was produced.

Wheat: Estimated acreage, yield and production, world (excluding Soviet Russia and China) 1923-38

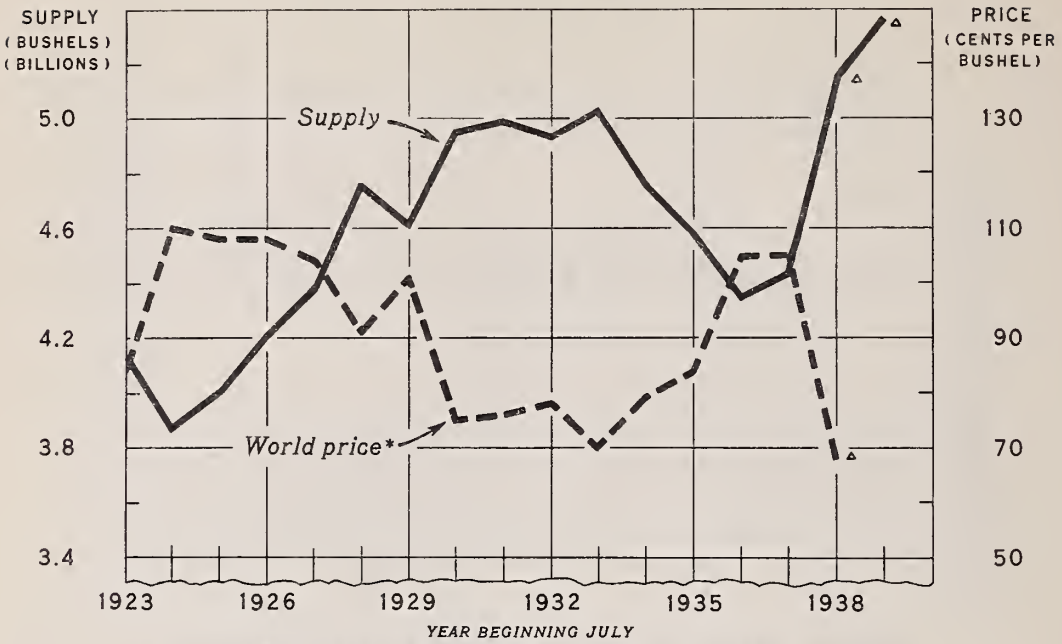
Year of harvest 1/	Acreage 2/	Yield per acre	Production
	Million acres	Bushels	Million bushels
1923	236	15.0	3,535
1924	229	13.7	3,143
1925	241	14.1	3,396
1926	245	14.3	3,504
1927	250	14.7	3,683
1928	266	15.1	4,005
1929	259	13.8	3,582
1930	268	14.5	3,894
1931	266	14.6	3,877
1932	272	14.3	3,876
1933	274	14.0	3,848
1934	267	13.3	3,561
1935	269	13.4	3,602
1936 3/	278	12.9	3,578
1937 3/	287	13.5	3,863
1938 3/	287	15.9	4,572

1/ Refers to year of harvest in Northern Hemisphere, although it includes data for the Southern Hemisphere where the harvest ends early the following year.

2/ Acreage harvested except the United States, Canada and Argentina.

3/ Preliminary.

WHEAT: WORLD SUPPLY AND PRICE, 1923-39



* AVERAGE BRITISH PARGELS DEFLATED BY STATIST INDEX NUMBERS (1910-14=100)
△ PRELIMINARY

Figure 7

NEG. 20691

World wheat supplies for the year beginning July 1, 1939 are expected to be the largest on record, and world wheat prices have declined to very low levels.

Wheat: Estimated world supply, disappearance and prices, 1922-38

Year beginning July	Stocks about July 1 1/	Production 2/					Net exports from U.S.S.R.	Total supply 3/	Total disappearance 3/	British Parcels, average price per bushel 4/
		United States	Canada, Argentina and Australia	Europe, excluding U.S.S.R.	All other	World 1/				
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Cents
1922	647	847	705	1,050	616	3,218	1	3,866	3,289	92
1923	577	759	847	1,263	666	3,535	21	4,133	3,410	84
1924	723	842	619	1,064	618	3,143	---	3,866	3,293	110
1925	573	669	701	1,404	622	3,396	27	3,996	3,343	108
1926	653	832	798	1,215	659	3,504	49	4,206	3,519	108
1927	687	875	880	1,275	653	3,683	5	4,375	3,624	104
1928	751	914	1,076	1,409	606	4,005	---	4,756	3,736	91
1929	1,020	823	595	1,449	715	3,582	7	4,609	3,666	101
1930	943	886	867	1,360	781	3,894	112	4,949	3,903	75
1931	1,046	942	732	1,436	767	3,877	70	4,993	3,950	76
1932	1,043	757	898	1,490	731	3,876	17	4,936	3,792	78
1933	1,144	552	745	1,746	805	3,848	34	5,026	3,833	70
1934	1,193	526	650	1,548	837	3,561	2	4,756	3,803	79
1935	953	626	568	1,576	832	3,602	29	4,584	3,818	84
1936	766	627	620	1,481	850	3,578	4	4,348	3,809	105
1937	539	876	553	1,550	884	3,863	39	4,441	3,823	105
1938 5/	618	931	841	1,842	958	4,572	37	5,227	4,037	68

1/ Excludes U.S.S.R. and China. 2/ Year of harvest. Harvests of the Northern Hemisphere countries are combined with those of the Southern Hemisphere which immediately follow; thus the crop harvested in the Northern Hemisphere countries in 1938 is combined with the Southern Hemisphere harvest which begins late in 1938 and ends early in 1939. 3/ Excludes production and stocks in U.S.S.R. and China but includes net exports from U.S.S.R. 4/ Deflated by Statist Index (1910-14 = 100) and converted at par. 5/ Preliminary.

Production and export figures from official sources. Prices compiled from daily prices in the London Grain, Seed and Oil Reporter.

WHEAT: PRICES AT LIVERPOOL AND KANSAS CITY, AND NET EXPORTS FROM UNITED STATES, 1923-39

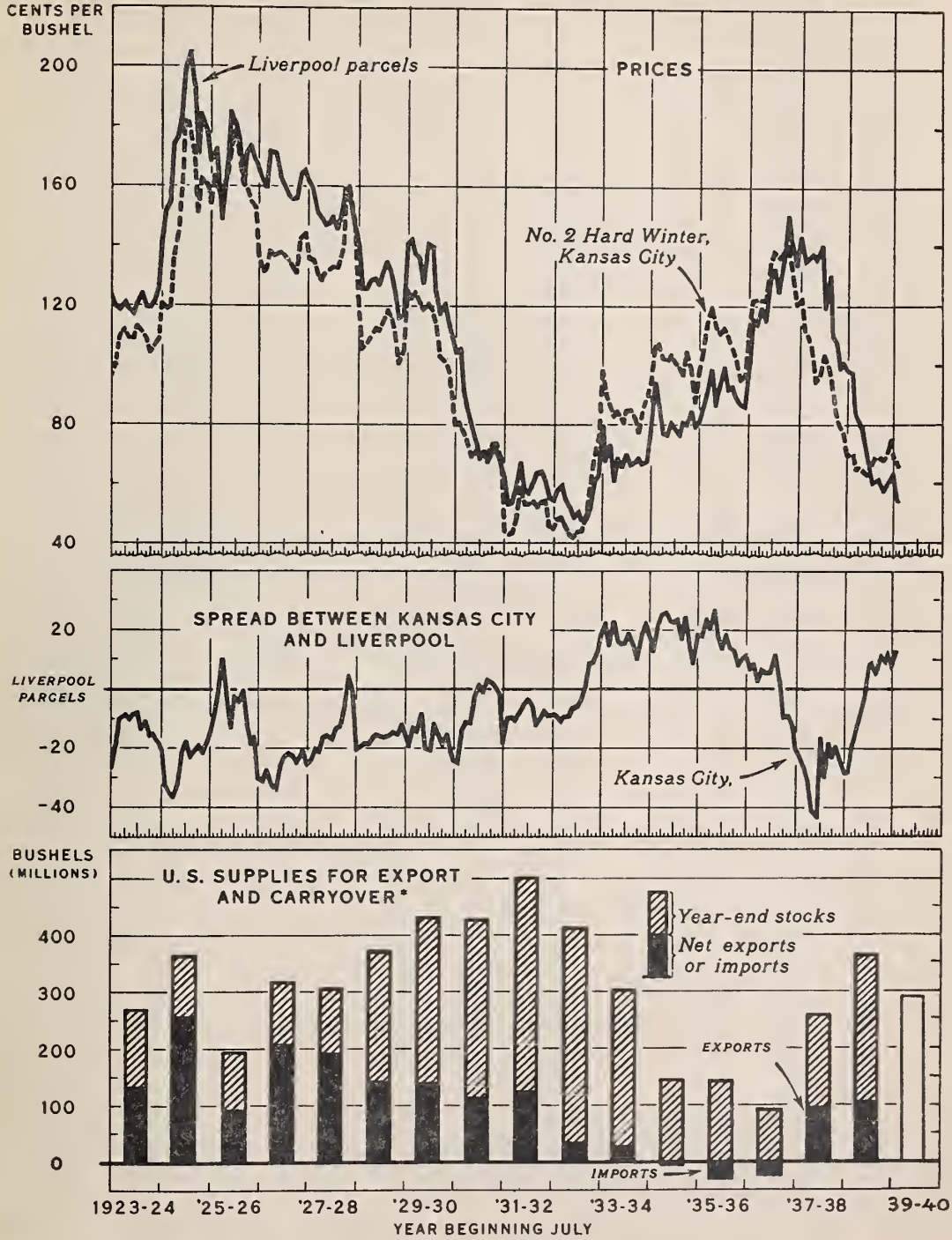


Figure 8

U. S. DEPARTMENT OF AGRICULTURE NEG. 34547 BUREAU OF AGRICULTURAL ECONOMICS

Prospective supplies of wheat for export and carry-over in the United States are below average, and with the continuation of the wheat loan and export-aid programs, domestic wheat prices may be expected to continue relatively high compared with export parity.

Wheat: Average price per bushel, Liverpool and Kansas City, and spread between these prices, by months, 1922-39

Month	Parcels Liverpool 1/	No. 2 Hard Winter Kansas City	Margin Kansas City relative to Liverpool	Parcels Liverpool 1/	No. 2 Hard Winter, Kansas City	Margin Kansas City relative to Liverpool	Parcels Liverpool 1/	No. 2 Hard Winter, Kansas City	Margin Kansas City relative to Liverpool
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
		1922-23			1923-24			1924-25	
July	141.8	112.7	-29.1	122.9	95.8	-27.1	140.8	120.5	-20.3
Aug.	129.1	104.3	-24.8	119.6	100.6	-19.0	151.5	119.0	-32.5
Sept.	122.0	104.5	-17.5	118.9	109.1	- 9.8	154.7	119.5	-35.2
Oct.	134.3	113.3	-21.0	120.8	111.9	- 8.9	173.8	138.9	-36.9
Nov.	136.9	117.4	-19.5	118.9	108.8	-10.1	176.3	143.1	-33.2
Dec.	140.8	117.4	-23.4	117.2	108.7	- 8.5	182.9	161.6	-21.3
Jan.	137.8	114.5	-23.3	121.0	112.9	- 8.1	199.3	181.5	-17.8
Feb.	135.7	115.1	-20.6	124.4	110.9	-13.5	204.8	181.2	-23.6
Mar.	134.7	115.6	-19.1	119.6	108.7	-10.9	191.8	170.9	-20.9
Apr.	140.7	120.4	-20.3	119.6	104.3	-15.3	170.3	150.9	-19.4
May	138.6	116.2	-22.4	121.2	106.3	-14.9	184.2	162.9	-21.3
June	131.4	104.2	-27.2	125.8	108.1	-17.7	178.3	160.2	-18.1
		1925-26			1926-27			1927-28	
July	168.4	153.9	-14.5	166.9	136.5	-30.4	161.4	135.6	-25.8
Aug.	172.2	163.9	- 8.3	162.4	131.0	-31.4	159.5	135.3	-24.2
Sept.	158.9	157.5	- 1.4	159.6	132.0	-27.6	150.9	130.6	-20.3
Oct.	148.5	158.2	- 9.7	171.3	138.6	-32.7	149.4	128.2	-21.2
Nov.	164.3	162.8	- 1.5	170.9	136.9	-34.0	147.0	130.6	-16.4
Dec.	184.7	171.6	-13.1	163.5	137.7	-25.8	147.5	131.8	-15.7
Jan.	180.6	178.1	- 2.5	160.2	137.2	-23.0	149.5	132.7	-16.8
Feb.	175.1	171.0	- 4.1	157.1	135.4	-21.7	149.8	132.6	-13.2
Mar.	160.8	160.5	- 0.3	155.5	132.8	-22.7	151.0	138.2	-12.8
Apr.	170.9	159.1	-11.8	155.9	130.7	-25.2	159.0	152.4	- 6.6
May	173.1	154.8	-18.3	164.6	142.1	-22.5	155.1	160.0	4.9
June	168.8	152.9	-15.9	165.2	144.1	-21.1	146.9	147.5	0.6
		1928-29			1929-30			1930-31	
July	140.8	120.4	-20.4	140.8	125.3	-15.5	104.3	80.0	-24.3
Aug.	125.8	105.9	-19.9	142.1	122.6	-19.5	105.6	80.6	-25.0
Sept.	125.8	107.5	-18.3	137.4	124.4	-13.0	91.4	77.6	-13.8
Oct.	128.6	109.8	-18.8	136.0	121.7	-14.3	85.7	74.4	-11.3
Nov.	128.9	112.4	-16.5	127.4	118.7	- 8.7	80.6	69.0	-11.6
Dec.	126.3	111.2	-15.1	140.8	120.7	-20.1	73.5	70.6	- 2.9
Jan.	130.6	114.5	-16.1	139.8	118.9	-20.9	68.1	69.5	1.4
Feb.	134.7	118.3	-16.4	124.6	112.6	-12.0	70.2	69.3	- 0.9
Mar.	131.4	115.8	-15.6	117.5	102.3	-15.2	67.0	70.2	3.2
Apr.	124.9	110.5	-14.4	120.1	101.4	-18.7	70.7	73.0	2.3
May	115.7	100.6	-15.1	114.6	99.1	-15.5	72.2	73.1	0.9
June	116.8	105.0	-11.8	109.9	88.7	-21.2	66.6	68.2	- 1.6
		1931-32			1932-33			1933-34	
July	62.0	43.8	-18.2	53.9	44.9	- 9.0	79.2	98.0	18.8
Aug.	52.8	42.7	-10.1	57.4	47.7	- 9.7	67.3	89.7	22.4
Sept.	53.0	43.1	- 9.9	59.2	48.0	-11.2	72.8	87.1	14.3
Oct.	58.3	47.5	-10.8	54.7	45.2	- 9.5	60.5	83.0	22.5
Nov.	66.9	58.6	- 8.3	52.0	42.6	- 9.4	68.3	84.1	15.8
Dec.	57.5	52.4	- 5.1	48.6	41.8	- 6.8	65.4	80.4	15.0
Jan.	56.1	52.6	- 3.5	50.2	43.6	- 6.6	69.3	84.4	15.1
Feb.	59.9	53.8	- 6.1	47.2	43.7	- 3.5	66.2	85.0	18.8
Mar.	63.6	51.2	-12.4	47.5	48.1	0.6	67.0	82.0	15.0
Apr.	63.7	53.2	-10.5	51.7	60.4	8.7	68.0	77.7	9.7
May	61.3	53.6	- 7.7	61.0	70.0	9.0	66.7	85.7	19.0
June	54.7	45.6	- 9.1	62.7	75.9	13.2	67.1	89.1	22.0
		1934-35			1935-36			1936-37	
July	76.1	93.2	17.1	80.6	99.2	18.6	99.9	111.0	11.1
Aug.	93.9	106.6	12.7	86.0	104.1	18.1	115.3	122.0	6.7
Sept.	85.8	107.5	21.7	91.2	115.1	23.9	113.6	122.1	8.5
Oct.	76.7	102.2	25.5	98.6	119.0	20.4	119.3	122.0	2.7
Nov.	76.0	101.8	25.8	86.3	112.6	26.3	115.1	121.9	6.6
Dec.	80.8	104.2	23.4	93.1	110.8	17.7	128.6	134.2	5.6
Jan.	78.3	100.9	22.6	99.2	112.6	13.4	132.4	138.0	5.6
Feb.	76.0	99.6	23.6	91.4	110.0	18.6	125.0	136.5	11.5
Mar.	80.2	96.8	16.6	92.4	105.9	13.5	136.1	138.6	2.5
Apr.	80.0	104.6	24.6	89.1	102.0	12.9	149.9	140.0	- 9.9
May	84.0	98.8	14.8	86.8	94.9	8.1	141.4	132.0	- 9.4
June	79.0	87.7	8.7	85.9	96.0	10.1	133.4	120.8	- 12.6
		1937-38			1938-39			1939-40	
July	143.1	122.5	-20.6	98.2	70.0	-28.2	54.0	66.7	12.7
Aug.	134.8	111.8	-23.0	84.7	65.5	-19.2			
Sept.	136.0	109.5	-26.5	79.0	65.7	-13.3			
Oct.	137.2	106.0	-31.2	73.4	64.7	- 8.7			
Nov.	135.7	94.2	-41.5	66.5	63.3	- 3.2			
Dec.	140.3	96.5	-43.8	59.9	66.9	7.0			
Jan.	119.3	102.7	-16.6	61.8	70.9	9.1			
Feb.	129.8	99.6	-30.2	64.7	69.2	4.5			
Mar.	109.5	91.5	-18.0	57.5	68.7	11.2			
Apr.	107.7	84.6	-23.1	60.6	69.6	9.0			
May	99.0	79.7	-19.3	63.6	75.7	12.1			
June	100.7	76.7	-24.0	64.2	70.9	6.7			

1/ Parcels are less than cargo lots.

Compiled as follows: Kansas City: - Kansas City Grain Market Review. Average of daily prices weighted by carlot sales. Liverpool: Broomhall's Corn Trade News. Simple average of daily prices. Converted from shillings per parcel of 480 pounds to cents per bushel of 60 pounds as follows: July 1922 - Dec. 1925, current monthly average rates of exchange. Jan. 1926 - Aug. 1931, at par. Par (Shilling) = 24.3328 cents. Sept. 1931 - to date, current monthly average rates of exchange.

Wheat: Supplies for export and carry-over, United States, 1923-38

Year beginning July	Net exports or imports	Stocks at end of year	Year beginning July	Net exports or imports	Stocks at end of year	Year beginning July	Net exports or imports	Stocks at end of year
	1,000 bushels	1,000 bushels		1,000 bushels	1,000 bushels		1,000 bushels	1,000 bushels
1923	131,428	137,087	1929	140,301	288,879	1935	1/ -30,410	142,076
1924	254,664	108,401	1930	112,074	313,288	1936	1/ -25,188	83,214
1925	92,870	100,225	1931	122,890	375,473	1937	99,435	153,280
1926	205,934	109,506	1932	31,856	377,942	1938	106,352	254,286
1927	191,039	112,372	1933	25,445	274,328	1939		
1928	141,129	228,373	1934	1/ - 5,038	147,543	1940		

1/ Minus sign indicates that imports are greater than exports.

OUTLOOK FOR 1940 WHEAT CROP

BACKGROUND 2/ The acreage seeded to wheat for harvest in 1939 in the United States was 65.7 million acres, which represents a slight reduction from the average of 66.9 million acres for the period, 1929-33, during which acreages changed but little (figures 3 and 4). However, the acreage seeded for harvest in 1939 represented a very large reduction from that seeded for the 1937 and 1938 crops, when 81.1 and 79.9 million acres were seeded, respectively -- the largest in the history of the country.

World wheat acreage 3/ has been steadily increasing over a period of years (figure 6). In 1937 and 1938 it was the largest on record. World production 3/ was not large in 1934-36, however, because yields per acre were considerably below average. In 1937, with more nearly normal yields, production was again large, and in 1938, with very high yields per acre, the largest world crop in history was produced.

World trade in wheat has declined sharply since the peak year of 1928-29, largely as the result of drastic restrictions on imports and increased production in major importing countries. In the early part of this period exports from the United States declined with those from other surplus-producing countries. During the period 1934-36, small crops in the United States (the result of abnormally low yields per seeded acre) were followed by net imports (figure 8 and table 10). World wheat and flour shipments in 1937-38 were about 500 million bushels and in 1938-39 were about 600 million bushels compared with over 900 million bushels in the peak year of 1928.

The acreage allotted for seeding the 1940 crop under the Agricultural Adjustment Act is 62 million acres. The allotment for the 1939 crop was 55 million acres, and actual seedings amounted to 64.6 million acres. Large seedings last year were discouraged by the inducements offered by the Agricultural Adjustment programs, the decline in wheat prices last summer, and the generally unfavorable wheat outlook at planting time. This year there do not appear to be any circumstances which might induce growers to make important changes in acreage from last year. The seedings for the 1939 crop were only slightly below the 66.9 million acres seeded in the 5-year period, 1929-33, during which acreages changed but little.

If the total wheat seedings amount to about 67 million acres, and the 20 year (1919-38) average yields per seeded acre of 11.74 bushels are obtained, production would total about 785 million bushels. This would be only about

2/ See also background statements on pages 15 and 19.
3/ All references to world acreage, yield, production, and stocks in this report exclude the U.S.S.R. and China.

100 million bushels more than the 10-year (1929-38) average domestic disappearance (figure 2). If exports amount to about 70 million bushels, the 10-year average (no forecast of exports is implied), the carry-over on June 30, 1941 would be increased by only about 30 million bushels. Large carry-over stocks of milling wheat in prospect for July 1, 1940 assure ample supplies by classes for the crop year beginning at that time.

The annual average yields per seeded acre in the United States usually vary between 10 and 14 bushels. If seedings should amount to about 67 million acres, a 10-bushel yield would result in a new crop somewhat less than annual domestic disappearance. On the other hand, a yield of 14 bushels would result in a crop materially above domestic disappearance and export probabilities and would add to the carry-over stocks. In the latter event the United States carry-over at the close of the 1940-41 marketing season, even after allowing for exports of as much as 100 million bushels, might be about 375 to 400 million bushels, or between 125 and 150 million bushels more than on July 1, 1939.

The present world acreage of approximately 287 million acres is about 17 million acres, or about 6 percent, above that necessary with average yields per acre, to produce a crop equal to the 5-year (1933-37) average annual disappearance of about 3,815 million bushels (fig. 7). World yields per acre have fluctuated within a very narrow range, since wide variations in various regions of the world have been largely compensating. In most years the range is only about one-half bushel above or below the 14-bushel average. During the 15 years, 1924-38, yields were lowest in 1936 when they averaged 12.9 bushels and highest in 1938 when they were 15.9 bushels (fig. 6).

Unless the world wheat acreage is adjusted downward or yields per acre are small, very large world supplies will probably continue to be burdensome during the 1940-41 season, and any improvement in world prices, as reflected at Liverpool, would depend upon improvement in demand. Wheat prices in the United States are expected to continue to average above export parity as long as the Government loan and export subsidy programs continue.

Production in excess of domestic disappearance, which includes wheat for feed (figure 2), must either be exported or go to enlarge the domestic carry-over (figure 8). In 1937 production in the United States was large (figure 8), and about 100 million bushels were exported, resulting in an increase of about 70 million bushels in the carry-over (figure 2). Large scale exports in 1937-38 resulted from the small world carry-over in other countries and small crops in Canada and Argentina. In 1938 production in the United States was again large, and exports again totaled about 100 million bushels, resulting in an increase of about 100 million bushels in the carry-over. Production in other countries was also large in 1938, however, and the large-scale exports in that year were possible only as the result of the operation of the export subsidy program of the Federal Government. With the prospects of large carry-over stocks in importing countries on July 1, 1940, together with the likelihood that import restrictions and the acreage seeded to wheat will not change much, it is not probable that world trade in wheat will be large in 1940-41. Accordingly, wheat and flour exports from the United States comparable in size with those of the last 2 years would not be possible except by Government assistance.

THE WORLD WHEAT SITUATION FOR THE 1939 CROP

BACKGROUND.- Total world supplies of wheat increased sharply from 1924 to 1933, largely as a result of increased acreage (figures 7 and 9). 4/ From 1934 to 1936 world supplies declined, following successive years of small yields and increased world demand. Supplies increased slightly in 1937. With the return of more normal yields on the large acreage, supplies in 1938 were again large - the largest on record up to that time.

Total world shipments of wheat averaged 751 million bushels for the period 1923-37, reached a peak of 913 million bushels in the year beginning July 1928, and then declined sharply, largely as a result of the measures taken by importing countries to reduce the use of foreign wheat. For the year beginning July 1, 1938, world shipments were 598 million bushels.

World wheat prices declined in the period 1924-33 with the increase in world supplies (figure 7). The sharp decline in prices after 1929 was due largely to the general decline in industrial activity and commodity prices. From the spring of 1933 to the summer of 1937, world wheat prices moved steadily upward, reflecting a world-wide recovery in commodity price levels, currency depreciation, and reduced production. The world price for the 1937 crop remained practically unchanged from that of a year earlier. In 1938 world prices again declined sharply, as a result of the record world production and weakness of demand.

World crop prospects indicate a decrease of about 455 million bushels

World wheat production in 1939 is now tentatively estimated at about 4,130 million bushels, which is about 440 million bushels less than the all-time record crop produced in 1938. Table 1 shows the Bureau's tabulation by countries. The Northern Hemisphere total now appears to be about 380 million bushels below the production last year. The reduction in the United States is estimated at 200 million bushels, that for Europe, ex-Danube 185 million bushels, and that for the Danubian countries, 35 million bushels. These reductions were only slightly offset by increases in production in Canada, and Africa. In the Southern Hemisphere countries, where the crop is still in the winter season, early indications are for a reduction of about 60 million bushels.

On the basis of weather and conditions to date, the crop in Canada is now forecast at about 380 million bushels. The first official estimate places

4/ All references to world acreage, yield, production, and stocks in this report exclude the U.S.S.R. and China.

winter wheat production at 22.4 million bushels, which is an increase of 2.6 million bushels, compared with the crop in 1938. The acreage of winter wheat remaining for harvest this year is estimated at 657,000 acres compared with 742,000 acres a year ago. The acreage of spring wheat sown in the Prairie Provinces is the largest on record. According to the annual June survey it was estimated at 25.8 million acres, which is an increase of 0.9 million acres compared with the spring wheat acreage in 1938. Recent general rains did much to end the excessive heat wave, but most of the crop was too far advanced to derive much benefit from the rainfall, and deterioration continued. Late sown wheat, however, benefited somewhat. The condition figure on July 31 was estimated at 89 percent of the long-time average yield, which was 13 points below the estimate of a month earlier. The July 31 condition figure, however, is still 7 points above that of July 31, 1938. The most favorable conditions prevail in northern Manitoba and central Alberta and in northern Saskatchewan, where a crop much better than the poor one of last year is expected. In the southern part of Saskatchewan, however, as well as in Manitoba, the crop is ripening too fast and will yield less than had been expected. Grasshoppers have become numerous and have caused destruction in some districts, but damage has been less than at this time last year. In parts of Alberta, crop prospects have deteriorated greatly, and it is feared that poorly developed and shrivelled kernels will result in a lowered grade of wheat. Harvesting is now fairly general throughout the Prairie Provinces and crop yields and grades are reported to show a wide variation.

In Europe, excluding the Danube, decreased production, compared with that of last year is estimated for all important producing countries except Spain and Poland, the estimates for which show only slight increases. The official estimate for Italy, placed at 294 million bushels, indicates only a slight reduction, compared with the past 2 years. Private estimates, however, place the crop at a lower figure. In France, the weather is now favorable for harvesting, but recent rains have affected the quality of the grain. The crop, still estimated at 276 million bushels, is considerably smaller than the 1938 harvest of 345 million bushels. Private estimates now range from 256 to 272 million bushels. Recent heavy rains in parts of Germany have reduced crop prospects and the outturn is expected to be considerably smaller than the large 1938 harvest. The quality of the grain is also reported to have deteriorated. The production in England and Wales is officially estimated at 56 million bushels, compared with the 1938 crop of 69 million bushels. The weather is now favorable for the maturing and ripening of the crop. Belgium and the Netherlands are both expected to harvest crops much below those of 1938. The Scandinavian countries are expected to have crops smaller than those of last year and below average. In the Danubian countries (Bulgaria, Hungary, Rumania, and Yugoslavia) the outturn is expected to exceed average, but prospects are for a crop considerably below the large 1938 total.

Harvesting is progressing in some sections of the U.S.S.R. Official statements suggest a large production. Trade sources, however, are less optimistic.

Table 1.-Production of wheat in specified countries, 1936-39

Country	1936	1937	1938	1939
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
NORTHERN HEMISPHERE				
North America:				
United States	626,766	875,676	930,801	731,432
Canada	219,218	180,210	350,010	1/380,000
Mexico	13,581	10,587	13,425	2/ 13,000
Total (3)	859,565	1,066,473	1,294,236	1,124,432
Europe:				
Total excluding Danube	1,097,061	1,188,177	1,376,721	1,193,398
Danube -				
Bulgaria	60,350	64,910	78,951	71,155
Hungary	87,789	72,158	98,777	3/110,597
Rumania	128,717	138,158	177,154	144,033
Yugoslavia	107,422	86,238	111,330	103,726
Total (4)	384,278	361,464	466,212	429,511
Total Europe (30)	1,481,339	1,549,641	1,842,933	1,622,909
Africa:				
Egypt	45,700	45,376	45,933	49,016
Algeria	29,774	33,209	34,941	4/ 44,827
Morocco	12,234	20,895	23,172	38,764
Tunisia	8,083	17,637	13,962	4/ 18,555
Total (4)	95,791	117,117	118,008	151,162
Asia:				
Palestine	2,795	4,682	1,633	5,000
Syria and Lebanon	15,704	17,227	23,674	2/ 22,000
India (August estimates)	352,203	364,075	401,856	370,608
Japan	45,192	50,410	45,244	54,413
Chosen	8,095	10,242	10,401	12,286
Turkey	141,582	132,985	156,097	2/150,000
Total (6)	565,571	579,621	638,905	614,307
Total 43 countries	3,002,276	3,312,852	3,894,082	3,512,810
Estimated Northern Hemisphere total, excluding Soviet Union and China	3,107,000	3,417,000	3,998,000	3,616,000
SOUTHERN HEMISPHERE				
Argentina	249,193	184,801	336,201	1/260,000
Australia	151,390	188,018	154,543	2/175,000
Union of South Africa	16,077	10,157	17,093	2/ 15,000
Estimated world total excluding Soviet Union and China	3,579,000	3,863,000	4,573,000	4,133,000

Compiled from official data except as otherwise noted.

1/ Based on weather conditions to date. 2/ Approximation. 3/ New boundaries and therefore not comparable with previous years. 4/ The International Institute of Agriculture considers this a maximum.

The production in Northern Africa this year is estimated to be about 33 million bushels larger than the 1938 crop. Larger crops than those of last year are reported for all four countries.

Based on official estimates of the crops in Japan and Chosen, and on private estimates for China, the total production in these three Oriental countries is estimated to be about 28 million bushels above that of 1938.

The condition of the crop in Argentina is reported as favorable, though frosts are needed to check the advanced growth in some regions. If not checked soon, rank growth may make the plant more susceptible to damage. On the basis of weather and yield studies the crop is now forecast at about 260 million bushels. Crop prospects in Australia are very favorable, though some frost damage has been reported in New South Wales.

For India the latest official estimate of the current crop is 370,608,000 bushels, compared with the 1938 harvest of 401,856,000 bushels.

World carry-over may be about 600 million bushels less than last year

Estimated stocks of old wheat on hand July 1 in the four major exporting countries and afloat, shown in the table accompanying figure 5, are 323 million bushels larger than a year ago. Reports have been received for only a few other countries, which do not justify a revision of the early tentative estimate of total world carry-over of about 1,200 million bushels. Stocks a year ago were estimated at about 600 million bushels.

Estimated total stocks on July 1 in the four major exporting countries compare with those of last year as follows: Stocks were increased in Argentina 122 million bushels. Stocks of old wheat in the United States 101 million bushels and in Canada 82 million bushels. Stocks in Australia remained unchanged from a year earlier. United Kingdom stocks and supplies afloat to the United Kingdom, the Continent and for orders increased 18 million bushels. Supplies in major exporting countries available for export or carry-over (the entire disappearance deducted) are shown in table 13.

Liverpool prices continue to decline

Wheat prices in Liverpool continued until the latter part of July, the decline which began the first of June, influenced by favorable crop prospects and abundant supplies of old-crop grain. During the last week in July and first of August there was some recovery, reflecting less favorable prospects for spring wheat in North America. More recently a further decline took place, influenced by heavy offerings and slow demand, but this has now been checked by increased tension in the European situation.

Unless demand does not change materially, prospects for larger world supplies are expected to result in prices at Liverpool averaging lower than in

the year ended June 30, 1939. The demand for wheat, however, might be affected by a material increase in political tension abroad or general improvement in the world economic situation.

Average closing futures prices at Winnipeg, Liverpool, and Buenos Aires, compared with prices in domestic markets, are shown in table 7. Cash prices of Canadian, Argentine, and Australian wheat in Liverpool are shown in table 2.

Table 2.- Prices of imported wheat at Liverpool

Date (Friday)	Hard wheat			Soft wheat		
	U. S. (Gulf) No.1 Dk.Hd. Winter	Canada No. 3 Manitoba	U. S. (Pacific) White	Argentine Rosafe	Australian	Rumanian
	Cents	Cents	Cents	Cents	Cents	Cents
May 5	--	76.1	--	63.3	69.5	--
12	68.0	75.3	--	62.5	69.5	--
19	--	75.0	--	61.8	69.5	--
26	--	75.3	--	61.7	68.4	--
June 2	--	75.0	--	60.7	68.1	--
9	--	71.0	--	58.9	65.1	--
16	--	70.2	--	58.9	64.7	--
23	--	67.3	--	54.9	62.9	--
30	--	68.7	--	57.8	62.1	--
July 7	--	67.3	--	55.6	61.4	--
14	--	62.5	--	52.7	60.7	--
21	54.1	60.7	--	49.0	54.9	--
28	56.3	60.3	--	50.5	56.3	--
Aug. 4	--	61.8	--	51.2	55.6	--
11	--	61.2	--	49.9	54.3	--
18	56.3	60.7	--	49.0	53.4	--

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- The carry-over of old wheat in the United States averaged about 220 million bushels in the 10-year period 1929-38. In 1933 stocks reached a record peak of about 360 million bushels. In 1938 stocks of old wheat were 153 million bushels. The domestic disappearance during the 10-years, 1929-38, averaged about 685 million bushels.

Domestic wheat prices from the spring of 1933 to that of 1937 were unusually high in relation to world prices, as the result of small crops in the United States. During the year beginning July 1936, both world and domestic prices advanced sharply as a result of increased demand and small supplies. Prices received by producers for the 1936-37 season averaged

103 cents per bushel, and for the 1937-38 season, 96 cents. Prices during the 1938-39 season were substantially below those of a year earlier, largely as the result of the large world wheat supplies.

United States wheat crop estimate increase 15 million bushels in July

A total 1939 wheat crop of 731,432,000 bushels was indicated by August 1 reports on yield per acre and condition. This is an increase of 14,777,000 bushels over the indicated production on July 1. Both winter and spring wheat estimates were higher than a month earlier, with winter wheat accounting for most of the increase in total wheat production. The estimated production of all wheat in 1938 was 930,801,000 bushels and the 10-year (1928-37) average production is 752,952,000 bushels.

The preliminary estimate of winter wheat production was 550,710,000 bushels, compared with 686,637,000 bushels harvested in 1938 and 560,160,000 bushels, the 10-year average. The estimate for August 1 indicates an increase of about 13,000,000 bushels over the production indicated on July 1.

The 1939 winter wheat yield per acre is 14.3 bushels, compared with 13.8 bushels in 1938 and the 10-year (1928-37) average of 14.5 bushels. On July 1 the indicated yield was 13.9 bushels.

Most of the increase since July 1 occurred in Kansas, Missouri, Indiana, Illinois, Ohio, California and Oregon. The month was favorable for harvesting of wheat and yields turned out generally better than earlier expected. Quality has been good except in the western Great Plains Area, where both yields and quality were substantially reduced by hot, dry weather. Harvesting of wheat was completed in Texas, Oklahoma and all except extreme western Kansas before the high July temperatures. Very little damage resulted from black stem rust this year.

The total spring wheat crop of 180,722,000 bushels on the basis of August 1 conditions is 1,834,000 bushels above the July 1 forecast and compares with the 1938 production of 244,164,000 bushels and the 10-year (1928-37) average of 192,792,000 bushels. Prospects for production of both Durum and other spring varieties improved during July. The 1939 production of durum was estimated at 31,382,000 bushels, which is 10 percent lower than the 10-year (1928-37) average production and about 22 percent below the 1938 crop estimate. This crop was able to withstand high July temperatures better than most other crops, and in spite of grasshopper damage in some sections, yield prospects were maintained or improved during July.

Production of other spring wheat was indicated to be 149,340,000 bushels, or 1,342,000 bushels greater than on July 1. This increase resulted principally from improved conditions in the Dakotas, Nebraska, and the Pacific Northwest. Excessive heat in July resulted in yields lower than were anticipated earlier in Montana, Colorado, Wyoming, and Utah.

United States old-wheat stocks estimated at 254 million bushels

Stocks of old wheat in the United States on July 1, 1939, at the beginning of the new marketing year, are estimated at 254,286,000 bushels. This carry-over compared with a revised estimate of 253,280,000 bushels of old wheat on hand July 1, 1938. This year for the second time, old and new wheat was reported separately by merchant mills, making possible a statement of stocks of old wheat only. New wheat always has been reported separately for farm, and interior mill and elevator stocks, and not used in the carry-over estimates. When the new wheat in commercial stocks and merchant mills if included, July stocks total 295,492,000 bushels compared with 172,846,000 bushels a year earlier. Figure 1 and the accompanying table show the stocks in the various positions with and without the new wheat included in commercial and merchant mill stocks.

Table 3.-Estimated wheat supplies and distribution by classes for 1938-39

Item	Hard Red Winter	Soft Red Winter	Hard Red Spring	Durum	White	Total
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
Carry-over July 1, 1938 (old wheat):						
Farm and interior mills and elevators	32	24	15	3	16	90
Commercial	8	6	6	1	1	22
Merchant mills 1/	20	7	10	1	3	41
Total carry-over	60	37	31	5	20	153
Production	388	237	161	42	103	931
Total supply	448	274	192	47	123	1,084
Exports and shipments 2/	76	4	3	2	24	109
Carry-over June 30, 1939 (old wheat)	114	30	73	18	19	254
Apparent disappearance 3/	258	240	116	27	80	721

1/ Bureau of Census figure raised to represent all merchant mills and elevators. Includes stored for others as well as owned wheat in merchant mills and elevators. Excludes 13,423,000 bushels reported as being new wheat. 2/ From reports of Foreign and Domestic Commerce of the United States. Exports include only flour made from domestic wheat. Shipments are to Alaska, Hawaii, Puerto Rico and Virgin Islands. 3/ Balancing item.

New wheat was reported in commercial stocks for 1937 as well as 1938 and 1939, but was reported only for 1938 and 1939 in merchant mill stocks. New wheat in merchant mills and elevators in 1937 were estimated on the bases of: (1) the percentage of new wheat in total wheat stocks in important winter wheat States in 1938, and (2) the percentage of new wheat reaching market centers in 1937 compared with 1938 as represented by commercial stocks.

Supplies of all classes of wheat abundant

Table 4 shows the estimated July 1 carry-over of old wheat, current crop estimates and estimated prospective utilization, by classes for 1939-40. The actual utilization by classes will depend, of course, on a number of factors, two of which are the prices of wheat relative to feed grain prices and supplies in the various sections of the country, and the relative prices of the different classes of wheat. It will be observed that stocks of milling types are abundant.

Table 3 shows the estimated supply and distribution by classes for 1938-39, using stocks of old wheat. Wheat feeding in 1938-39 was very large and accounted for the large disappearance. Table 9 shows the analysis by classes for 1937-39 and the 10-year, 1929-34 average, before the years of small supplies of milling wheats.

Table 4.-Estimated prospective wheat supplies and distribution by classes for 1939-40

Item	Hard Red Winter	Soft Red Winter	Hard Red Spring	Durum	White	Total
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
Carry-over July 1, 1938 (old wheat):						
Farms and interior mills and elevators	45	20	39	10	15	129
Commercial	29	5	24	4	2	64
Merchant mills 1/	40	5	10	4	2	61
Total carry-over	114	30	73	18	19	254
Production 2/	303	198	122	32	76	731
Total supply	417	228	195	50	95	985
Prospective utilization	273	210	115	27	75	700
Available for carry-over insurance stocks and export	144	18	80	23	20	285

1/ Bureau of Census figure raised to represent all merchant mills and elevators. Includes stored for others as well as wheat owned.
2/ August estimate.

Domestic wheat prices remain firm considerably above export levels

Domestic wheat prices at present are somewhat higher than a month ago and have remained considerably above export levels as a result of only a moderate sized United States crop, a large proportion of wheat being placed

for loan, and the announcement of the export-aid program. 5/ The price of No. 1 Dark Hard Winter wheat at Kansas City was 67.9 cents a bushel on August 18, which was 11.6 cents above the price of the same wheat in Liverpool on the same day, the last quotation available (table 2). Under similar conditions of supply, the price at Kansas City would be expected to be about 15 cents below the price at Liverpool (figure 8). Table 5 shows other spreads between domestic wheat prices and prices at Liverpool as well as Winnipeg. Moreover, the price of No. 2 Hard Winter wheat at Kansas City for July 1939 at 67 cents was only 3 cents lower than in July 1938, even though the price of Parcels at Liverpool at 54 cents was 44 cents lower this July than a year earlier. Similarly, the price of futures at Chicago in July 1939 averaged only 5 cents lower than in July 1938, while the price of futures at Liverpool averaged 29 cents lower this July than a year ago.

Table 5.--Spreads between domestic wheat prices and prices at Winnipeg and Liverpool, specified periods, 1937-39

Month and year	Futures per bushel				Cash wheat per bushel	
	Chicago related to		Kansas City related to		No. 2 Hard Winter (Kansas City) related to	
	Winnipeg Sept.-Oct.	Liverpool Sept.-Oct.	Winnipeg Sept.-Oct.	Liverpool Sept.-Oct.	No. 3 Manitoba (Winnipeg)	Parcels (Liverpool)
	Cents	Cents	Cents	Cents	Cents	Cents
June-						
1937	- 6	- 14	- 9	- 17	1	- 13
1938 1/	- 6	- 10	- 10	- 14	- 27	- 24
1939 1/	12	13	7	9	17	7
July-						
1937	- 14	- 18	- 18	- 22	- 16	- 21
1938	- 7	- 13	- 12	- 19	- 20	- 28
1939	12	11	7	7	20	13
Week ended- Aug. 19-						
1937	- 17	- 17	- 24	- 24	- 13	2/
1938	- 4	- 14	- 7	- 17	- 6	2/
1939	14	15	8	9	19	2/

1/ Figures for June 1938 and 1939 are different from those published last month, because the July futures were used in error.
2/ Not available.
(-) before figure denotes Chicago or Kansas City below Winnipeg or Liverpool.

5/ A new method of operation of the wheat export program was announced August 11, which is based on export payments made directly to United States exporters who sell abroad. Under the new method, the Secretary of Agriculture, or his authorized agent, will accept rates of payments for each individual exportation, on the basis of competitive individual offers from exporters. The wheat export program since its inauguration in August 1938 has been operated through purchases by the FSCC in United States markets and resale to United States exporters at prices which would enable the exporters to sell in world markets. The continuance of the wheat flour-export program to encourage the sale of United States flour was announced July 11. The continuing program will be carried out under substantially the same operating procedure as that in effect during the last fiscal year.

Table 6.- Weighted average cash price of wheat, specified markets and dates, 1938 and 1939

Month or date	All classes and grades six markets		No. 2 Hard Winter Kansas City		No. 1 Dk.N. Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Western White Seattle 1/	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Crop yr. av. ending June 30	106.3	69.9	110.8	69.5	127.9	79.1	106.9	72.5	112.6	69.6	88.2	66.6
Month												
May	82.0	80.2	79.7	75.7	105.3	85.6	88.4	79.1	76.9	82.7	77.0	71.8
June	81.3	74.5	76.7	70.9	105.0	84.4	90.0	76.4	74.8	73.4	73.7	72.3
July	68.4	67.5	70.0	66.7	87.6	77.8	79.8	73.3	68.9	68.5	67.8	68.6
Week ended												
July 8	69.6	69.0	69.4	68.8	97.0	80.9	83.4	72.3	69.1	70.4	69.2	70.7
15	69.6	66.7	71.1	65.2	97.6	80.7	83.3	69.3	69.0	68.3	69.4	69.0
22	67.8	67.0	70.2	64.9	90.4	75.2	80.2	68.3	67.7	67.7	67.0	68.6
29	65.9	65.4	68.2	62.3	83.8	73.8	77.0	76.3	67.5	65.5	65.4	66.6
Aug. 5	67.6	69.7	67.4	66.7	80.5	76.7	72.1	78.5	66.7	68.6	63.9	69.4
12	67.0	70.7	63.7	62.8	76.4	74.8	74.2	77.9	63.5	66.8	59.7	68.7
19	69.3	71.3	64.6	64.4	76.8	76.1	74.4	79.8	66.3	69.4	59.8	--
High 2/	69.6	71.3	71.1	68.8	97.6	80.9	83.4	79.8	69.1	70.4	69.4	70.7
Low 2/	65.9	65.4	63.7	62.3	76.4	73.8	72.1	68.3	63.5	65.5	59.7	66.6

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ July 8 to August 19, 1939, and corresponding dates for 1938.

Table 7.- Average closing price of September wheat futures, specified markets and dates, 1938 and 1939

Month or date	Winnipeg 1/		Liverpool 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
May	84.0	66.6	92.3	64.6	---	---	77.1	74.8	73.3	70.8	80.9	78.3
June ...	82.9	61.8	86.6	60.4	---	---	76.5	73.5	72.4	69.0	82.6	77.2
July ...	77.6	54.3	84.4	55.0	---	---	71.0	66.3	65.8	61.7	76.4	70.0
Week ended-												
July 8..	78.8	58.8	84.6	58.1	80.8	2/59.5	72.6	69.2	67.1	64.7	77.8	73.0
15..	78.4	54.6	84.8	56.0	78.8	2/59.5	72.2	66.7	67.0	62.2	77.8	70.6
22..	77.2	53.3	84.4	53.2	76.1	2/59.5	70.1	65.6	65.2	60.8	76.0	69.0
29..	76.2	51.5	82.7	52.4	73.4	2/59.5	68.0	63.4	63.3	58.9	73.2	67.0
Aug. 5..	75.1	53.2	82.5	53.9	72.0	59.5	66.4	64.8	62.2	59.9	71.1	68.6
12..	70.8	52.1	79.2	52.1	65.8	59.5	62.8	64.1	58.8	58.5	67.5	67.1
19..	67.5	51.7	77.3	50.9	65.1	59.5	63.2	65.9	60.1	59.6	67.7	68.1
High 3/	78.8	58.8	84.8	58.1	80.8	4/59.5	72.6	69.2	67.1	64.7	77.8	73.0
Low 3/	67.5	51.5	77.3	50.9	65.1	4/59.5	62.8	63.4	58.3	58.5	67.5	67.0

1/ Conversions at Noon buying rate of exchange; for October futures.
2/ August futures.
3/ July 8 to August 19, 1939, and corresponding dates for 1938.
4/ August and September futures.

Note - Figures in above table for May and June 1939, and June 1938 are different from those published last month because the July futures were used in error.

Table 8.- Percentage of hard red, and soft red winter wheat in specified grades, 1938-39
(Based on inspected receipts at representative markets, July 1 to July 31)

Item	Hard Red Winter wheat			Soft Red Winter wheat		
	Sub-class	1938	1939	Sub-class	1938	1939
		Percent	Percent		Percent	Percent
	Dk.Hd.	47	44			
	Hard	53	55	Red		
	Yellow Hd.	0	1			
Grade						
1		9	12		14	2
2		30	45		45	45
3		34	37		26	43
4		20	4		8	6
5		6	1		3	1
Sample		1	1		4	3
Special grades						
Tough		2	4		20	17
Light Smutty		0	0		4	1
Smutty		0	0		2	1
Light Garlicky					3	3
Garlicky					18	17

Table 9.- Wheat: Estimated supply and distribution by classes, average 1929-33, annually years beginning July 1, 1937-39

Item	Average 1929-33 1/	Year beginning July 1 1937	1938	1939
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
		All wheat		
Stocks, July 1	1/ 317	83	153	254
Production	792	876	931	731
Supply	1,109	959	1,084	985
Exports 2/	90	103	109	
Carry-over	325	153	254	
Disappearance 3/	694	703	721	
		Hard Red Winter		
Stocks, July 1	161	37	60	114
Production	349	373	388	303
Supply	510	410	448	417
Exports	52	74	76	
Carry-over	167	60	114	
Disappearance	291	276	258	
		Soft Red Winter		
Stocks, July 1	32	15	37	30
Production	185	258	237	198
Supply	217	273	274	228
Exports	2	5	4	
Carry-over	35	37	30	
Disappearance	180	231	240	
		Hard Red Spring		
Stocks, July 1	79	18	31	73
Production	135	102	161	122
Supply	214	120	192	195
Exports	1	2	3	
Carry-over	79	31	73	
Disappearance	134	87	116	
		Durum		
Stocks, July 1	24	3	5	18
Production	40	29	42	32
Supply	64	32	47	50
Exports	7	---	2	
Carry-over	20	5	18	
Disappearance	37	27	27	
		White		
Stocks, July 1	21	10	20	19
Production	83	114	103	76
Supply	104	124	123	95
Exports	28	22	24	
Carry-over	24	20	19	
Disappearance	52	82	80	

1/ Average for 1929-33 used because drought years which followed were not representative. New wheat in commercial and merchant mill stocks prior to 1937 in the average. 2/ From reports of Foreign and Domestic Commerce of the U.S. Exports are regular exports plus shipments to Alaska, Hawaii, and Puerto Rico, and include wheat and flour made wholly of domestic wheat. 3/ Balancing item.

See "The Wheat Situation", February 1937 for the figures for 1930, August 1937 for those for 1931 and 1932, February 1938 for 1933, and February 1939 for 1934-1936.

Table 10.- Wheat: Imports into the United States for domestic utilization and for grinding in bond and export, 1923-38

Year beginning July	Full duty wheat (tariff 42 cents)	Wheat unfit for human consumption (tariff of 10 percent ad valorem) 1/	Total imports for domestic utilization (total of first 2 columns)	For grinding in bond and export 2/	Flour in terms of wheat 3/
	Bushels	Bushels	Bushels	Bushels	Bushels
1923-24	13,783,423	---	13,783,423	13,904,837	794,920
1924-25	272,548	---	272,548	5,813,353	31,575
1925-26	1,664,843	---	1,664,843	13,421,480	81,804
1926-27	48,808	---	48,808	13,171,683	28,463
1927-28	161,297	---	161,297	15,043,679	26,926
1928-29	79,136	---	79,136	22,480,962	12,234
1929-30	44,607	---	44,607	12,903,364	8,004
1930-31	40,756	307,336	348,092	19,013,090	5,461
1931-32	6,057	---	6,057	12,878,851	1,278
1932-33	5,767	1,354	7,121	9,372,151	3,201
1933-34	143,656	5,729	149,385	11,341,052	3,882
1934-35	5,905,380	8,146,044	14,051,424	11,064,092	18,048
1935-36	25,288,519	9,205,128	34,493,647	11,978,659	123,366
1936-37	30,205,430	4,057,016	34,262,446	13,468,667	192,606
1937-38	597,776	4,150	601,926	2,819,031	31,683
1938-39	39,086	206,969	246,055	8,988,542	25,399

Imports for consumption from United States Tariff Commission, July 1923 to December 1933, and from Bureau of Foreign and Domestic Commerce, January 1934 to date.

1/ Beginning June 18, 1930, a new classification, wheat unfit for human consumption, was introduced by the 1930 Tariff Act.
2/ Wheat for grinding in bond for export, which enters duty free. Beginning June 18, 1930, includes wheat ground into flour in bond for export to Cuba, a new classification in the 1930 Act. From June 18, 1930 to September 3, 1936 the duty on this wheat equaled the reduction in Cuban duty and the reduction in the consumption tax applicable by treaty to such flour imported into Cuba. On September 3, 1936 the consumption tax was repealed.
3/ General imports prior to July 1934, subsequently imports for consumption. Beginning July 1934, excludes flour imported free for export in manufactured foods.

Table 11.- United States domestic exports of wheat by specified countries, semi-annually, beginning July 1936

Country	1936-37		1937-38		1938-39	
	July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec. 1/	Jan.-June 1/
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Belgium	19	191	5,981	6,487	5,940	6,526
Denmark			144	1,580	236	
France	35	65	523	342	579	283
Germany			669	644	1,602	78
Greece			622	1,851	302	40
Ireland	399		3,395	8,139	2,731	3,589
Italy	204	39	410	743	598	66
Netherlands	336	868	6,318	5,122	9,784	6,111
Norway			149	466	205	120
United Kingdom	197	2	6,560	16,151	10,620	20,324
Other Europe	11	2	541	2,133	205	2,292
Total Europe	1,201	1,167	25,312	43,658	32,802	39,429
Canada	34	180	5,425	3,949	2,018	947
Mexico	8	1	995	2,275	619	1,870
Panama	252		1	1	2/	1
Salvador	70	69	114	66	143	157
Brazil			356	2/		
Colombia	2/	1	56	193	169	123
Peru			587		55	
Japan	133		42			
Other countries	35	18	525	185	3/ 770	3/ 5,436
Total exports	1,733	1,436	33,413	50,327	36,576	47,963

1/ Preliminary.
2/ Less than 500 bushels.
3/ Includes 619,000 bushels to China in July - Dec. 1938 and 5,168,000 bushels in Jan.-June 1939.

Compiled from official records of the Bureau of Foreign and Domestic Commerce.

Table 12.- United States exports of wheat flour, made wholly from United States wheat, to specified countries, semi-annually, beginning July 1936

Commodity and country	1936-37		1937-38		1938-39	
	July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec. 1/	Jan.-June 1/
	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels
Wheat flour 2/						
Netherlands	53	106	258	240	201	268
Norway	0	3/	24	40	20	9
United Kingdom	24	21	70	123	52	14
Costa Rica	7	14	22	41	29	24
Guatemala	21	33	53	44	49	47
Nicaragua	15	18	15	10	20	25
Panama	28	24	39	40	45	38
Salvador	7	11	15	11	11	10
Mexico	4	8	13	3	2	3
Cuba	80	102	208	303	241	221
Haiti, Republic of	9	11	18	22	21	22
Ecuador	25	26	65	60	42	74
Venezuela	3	4	32	66	45	28
China	3	10	8	81	144	1,099
Hong Kong	14	20	184	98	131	337
Philippine Islands	238	233	294	429	450	529
Other countries	47	79	233	311	278	164
Total	578	720	1,551	1,922	1,781	2,912

1/ Preliminary.
2/ To convert to wheat equivalent multiply by 4.7.
3/ Less than 500.

Table 13.- Wheat surplus for export or carry-over in three exporting countries, United Kingdom port stocks and stocks afloat, August 1, 1936-39 1/

Position	1936	1937	1938	1939
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
Canada				
In Canada	108	33	24	95
In the United States	19	4	1	6
Argentina	29	17	30	144
Australia	33	26	36	40
Total	189	80	91	285
United Kingdom port stocks	9	12	14	25
Stocks afloat to:				
United Kingdom	12	10	12	16
Continent	7	6	11	11
Orders	2	9	13	8
Total	30	37	50	60
Grand total	219	117	141	345

1/ Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, December 1 of the previous year) plus production, minus domestic utilization for the year minus monthly exports to date.

Table 14.- Shipments of wheat, including flour from principal exporting countries, specified dates, 1937-38 and 1938-39

Period	Argentina		Australia		Danube		North America	
	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
July-June	66,928	114,272	127,520	102,116	37,232	52,848	184,720	245,296
Week ended -	1938	1939	1938	1939	1938	1939	1938	1939
July 8	2,700	4,372	3,272	1,468	224	624	3,776	5,368
15	1,508	3,660	1,124	1,860	264	1,240	2,976	2,840
22	1,216	2,276	1,160	1,108	64	736	6,104	4,056
29	1,120	2,076	1,348	1,696	0	2,072	3,808	3,112
Aug. 5	1,116	3,240	2,608	880	0	320	4,288	3,920
12	1,032	3,537	2,104	876	312	152	4,192	4,900
19	600	2,670	2,104	1,150	192	169	4,376	5,638

Compiled from Broomhall's Corn Trade News.

Table 15.- Exports of wheat and wheat flour from the United States 1937-38 and 1938-39

(Includes flour milled in bond from foreign wheat)

Period	Wheat		Wheat flour		Wheat including flour	
	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July-June	83,747	84,539	4,991	6,637	107,203	115,734
Week ended- 1/..	1938	1939	1938	1939	1938	1939
July 8	1,432	686	50	98	1,667	1,147
15	1,114	354	62	31	1,405	500
22	3,329	510	33	280	3,484	1,826
29	2,171	584	47	230	2,392	1,665
Aug. 5	1,673	509	36	50	1,842	744
12	2,196	507	71	139	2,530	1,160
19	2,469	2/1,313	25	2/ 60	2,587	2/ 1,595

Compiled from reports of the Department of Commerce.

1/ Data for total exports from the United States by weeks are not available. These data represent exports through 16 of the principal ports.

2/ Preliminary.

Table 16.- Movement of wheat, including flour, from principal exporting countries, 1935-36 to 1938-39

Country	Exports as given by official sources: Total 1935-36	Total 1936-37	Total 1937-38	July 1 to date shown 1936-37	July 1 to date shown 1937-38	July 1 to date shown 1938-39	Date
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/..	15,929	21,584	107,194	21,584	107,194	115,734	June 30
Canada	237,447	213,028	94,546	213,028	94,546	169,885	June 30
Argentina	76,577	162,977	69,670	162,977	69,670	116,116	June 30
Australia	105,328	97,712	123,453	97,712	123,453	96,579	June 30
Soviet Union	29,704	4,479	43,354	1,290	18,694	31,529	Oct. 31
Hungary	14,644	27,428	9,368	27,428	9,368	27,640	June 30
Yugoslavia	728	17,954	5,012	17,322	5,003	5,346	May 31
Rumania	6,392	36,264	32,962	35,534	31,367	39,988	May 31
Bulgaria	988	7,273	8,484	6,549	7,228	1,886	May 31
British India	2,556	16,571	19,677	10,255	14,681	9,339	Mar. 31
Total	490,293	605,270	513,720				

	Shipments as given by trade sources: Total 1937-38	Total 1938-39	Week ended 1939 Aug. 5	Aug. 12	Aug. 19	July 1 - Aug. 19 1938	1939
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 2/	184,720	245,296	3,920	4,900	5,638	29,520	29,834
Canada 3/.....	94,546	169,885	2,200	4,100	---	4/11,400	4/21,900
United States 5/ ..	83,589	94,157	744	1,160	1,595	15,907	8,641
Argentina	66,928	114,272	3,240	3,537	2,670	9,292	21,831
Australia	127,520	102,116	880	876	1,150	14,900	9,038
Soviet Union	42,248	39,824	0	256	0	12,840	1,344
Danube and Bulgaria 6/.....	37,232	52,848	320	152	169	1,056	5,313
British India	7/19,677	6,280	0	0	0	5,088	0
Total 8/.....	478,325	560,636				72,696	67,360
Total European shipments 2/...	397,592	450,784	6,552			9/40,040	9/38,048
Total ex-European shipments 2/.....	99,400	146,760	2,456			9/11,928	9/13,192

1/ Includes flour milled in bond from foreign wheat.
2/ Broomhall's Corn Trade News.
3/ Official exports as reported to date, supplemented by reported weekly clearances of wheat, and estimates of flour shipments.
4/ Through August 12 only.
5/ Official reports received from 16 principal ports only.
6/ Black Sea shipments only.
7/ Official.
8/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.
9/ To August 5 only.

Table 17.-Net imports of wheat, including flour, into European countries, year beginning July 1, 1937 and 1938

Country	1937-38	1938-39 forecast 1/	Reported net imports July 1 to	1937-38	1938-39
	Mil.bu.	Mil.bu.		Mil.bu.	Mil.bu.
Belgium	36	34	May 31	34	33
Czechoslovakia	2/ - 1	2/ - 1	June 30	2/ - 1	2/ - 1
Denmark	6	5	June 30	6	5
Finland	3	2	June 30	3	2
France	15	2/ - 1	June 30	15	2/ - 1
Germany	) 54	45	June 30	47	3/ 37
Austria	)		Feb. 28	4	5
Greece	18	10	Mar. 31	12	8
Ireland	14	17	June 30	14	17
Italy	5	14	June 30	5	14
Latvia	1	0	Mar. 31	4/	4/
Netherlands	24	29	June 30	24	29
Norway	7	8	May 31	6	7
Poland	3/	2/ - 3	June 30	5/	2/ - 3
Portugal	1	4	May 31	1	4
Sweden	2/ - 1	2	June 30	2/ - 1	2
Switzerland	14	17	June 30	14	17
United Kingdom	193	220	June 30	193	220
Total imports of above	391	407		378	400
Spain	3	16			
Total imports	394	423			
Total exports	2	5		2	5
Total net imports	392	418		376	395

Compiled from official sources except as otherwise stated.

1/ Forecasts by European offices of United States Department of Agriculture.
2/ Net exports.
3/ Includes new territory and is therefore, not strictly comparable with preceding years.
4/ Less than 500,000 bushels.
5/ Net exports of less than 500,000 bushels.

THE RYE SITUATION

BACKGROUND.- During the past 10 years rye acreage has remained above the pre-war level, but has been below the high level reached at the close of the War (figure 9). The increase in rye production during the War period was due largely to an expansion of rye acreage into the sub-humid area of the spring Wheat Belt. Since 1924 yields have been generally below the average for the years 1910-15 and acreage abandonment somewhat larger. In 1933, 1934, and 1936 droughts greatly reduced rye yields, caused heavy abandonment and reduced supplies below domestic requirements. With more favorable growing seasons in 1935 and 1937, yields and production were much above the 10-year average.

United States rye estimate about unchanged on August 1

The August 1 estimate of the 1939 rye crop was 40,834,000 bushels, a decrease of 652,000 bushels, or about 2 percent from the July 1 estimate. In 1938, the rye crop totaled 55,039,000 bushels and the 10-year (1928-37) average is 36,330,000 bushels. The reduction in the rye harvest this year in comparison with a year ago is due mostly to lower yields in Wisconsin, Minnesota, Iowa, North Dakota, South Dakota, and Nebraska. The yield per acre this year of 10.0 bushels compares with 13.8 in 1938, and the 10-year (1928-37) average of 11.1 bushels.

The carry-over of rye is estimated at 23 million bushels, compared with 10 million bushels last year, making total supplies about the same as in 1938. A supply of this size would be larger than supplies in 1936 and 1937 but well below the large supply of 70 million bushels in 1935. The apparent disappearance of rye in 1938-39 was about 41 million bushels, and in 1937-38 it was 39 million bushels. Of the estimated 41 million bushels disappearance, about 19 million bushels were used for feed, about 10 million bushels for seed, about 7 million bushels for food, and about 5 million bushels for distilled spirits and alcohol.

Present indications are that the supply of rye in 1939-40 will again be more than sufficient to take care of food and feed requirements, and the carry-over may be greater at the end of the marketing year than at the end of the 1938-39 season. In the past 3 years a comparatively large percentage of the rye crop was fed, as a result of a shortage of supplies in feed grains in some of these years and the unusually large supplies of rye. In 1937 and 1938, feed grain supplies were more than ample for livestock on farms, but feeding of rye was heavy as a result of unusually large supplies. Supplies of feed grain will again be ample for livestock requirements in 1939-40, and the demand for feeders will probably be no more favorable than for the past 2 marketing years.

Rye exports in 1939-40 may again be small

The European rye crop 4/ in 1939 will again be large, and overseas demand for United States rye this year may, accordingly, again be small. In 1938-39 exports totaled less than 1 million bushels. The production of rye for 1939 in the 13 countries reporting to date, is estimated at 459 million bushels (table 18). The production in these countries in 1938 was 450 million bushels. Substantial increases, compared with last year, are noted for Canada, Bulgaria, Hungary, and Poland. No estimate has been received for Germany, which is, with the exception of the U.S.S.R., the world's largest rye producing country. Reports indicate that grain crops in Germany have been affected by unfavorable weather conditions. Rye is, however, reported to be in better condition than wheat. In Poland, the next largest producer, it is estimated that the current crop will be about 300 million bushels. This is the largest crop on record for Poland. Slight changes in boundaries, however, make this estimate not strictly comparable with those for previous years.

Loan program for rye announced

A loan program for rye was announced on July 26, making available loans to producers in the eight major rye producing States of Michigan, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Wisconsin and Wyoming. The loans are to be available on farm stored rye produced in 1939 grading No. 2 or better, at a rate 22 cents less than the applicable 1939 loan rate for No. 2 Hard Winter wheat, but in no case more than 38 cents per bushel. The loan rate will vary, because wheat loans are based upon terminal prices and adjusted for freight differentials. It is estimated that the loans will average about 35 cents per bushel.

Table 18.-Rye: Production in specified countries, 1936-39

Country	1936	1937	1938	1939
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
United States	25,319	49,830	55,039	40,834
Canada 1/	3,042	4,579	8,363	13,211
Total (2)	28,361	54,409	63,402	54,045
Europe:				
Bulgaria	8,188	9,387	7,397	9,674
Finland	12,134	16,982	14,491	11,810
Greece	1,654	2,569	2,439	2,401
Hungary	28,114	24,325	31,677	2/ 36,691
Italy	5,204	5,701	5,437	5,945
Luxenburg	449	392	507	483
Poland	250,536	221,949	285,551	300,377
Rumania	17,842	17,768	20,362	19,062
Spain	18,053	3/ 19,700	3/ 16,900	17,212
Switzerland	1,077	1,296	1,449	1,378
Total (10)	343,251	320,069	386,210	405,033
Algeria	29	37	44	44
Total (13)	371,641	374,515	449,656	459,122

1/ Winter rye only. 2/ New boundaries and therefore not comparable with previous years. 3/ Estimated.

4/ Excludes the Soviet Union.

RYE: ACREAGE, YIELD PER ACRE, PRODUCTION, NET EXPORTS OR IMPORTS, AND PRICE RECEIVED BY FARMERS, UNITED STATES, 1900-1939

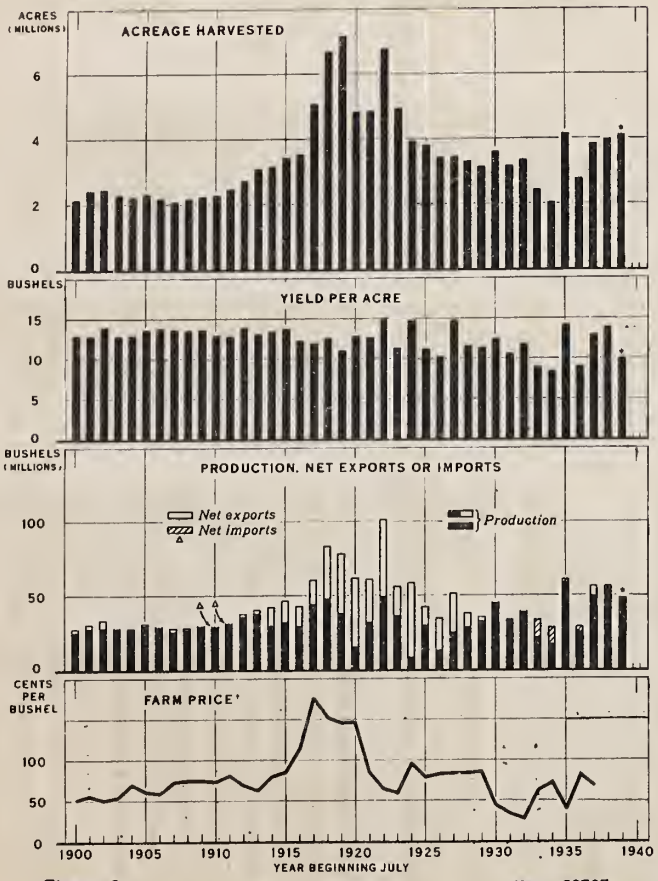


Figure 9 * PRELIMINARY * 1900-1907, DEC. 1 FARM PRICE Neg. 20705

The rye harvested acreage in 1939 was only slightly larger than in 1937 and 1938, but production was materially smaller because of low yields per acre.

Rye: Acreage, yield per acre, production, net exports or imports, and price received by farmers, United States, 1900-39

Year beginning July	Acreage harvested	Yield per acre	Production	Net exports 1/	Price received by farmers 2/
	1,000 acres	Bushels	1,000 bushels	1,000 bushels	Cents per bushel
1900	2,127	12.9	27,413	2,345	51.2
1901	2,409	12.8	30,773	2,712	55.7
1902	2,444	13.9	33,862	5,444	50.8
1903	2,260	12.8	28,932	751	54.5
1904	2,205	12.9	28,461	9	68.8
1905	2,297	13.6	31,173	1,387	61.1
1906	2,154	13.7	29,609	769	58.9
1907	2,073	13.6	28,247	2,443	73.1
1908	2,130	13.5	28,650	1,295	2/ 74.5
1909	2,212	13.6	30,083	212	74.6
1910	2,262	12.9	29,098	3/ - 187	73.4
1911	2,452	12.8	31,396	3/ - 103	81.0
1912	2,724	13.9	37,911	1,854	68.7
1913	3,089	13.1	40,390	2,236	62.9
1914	3,144	13.4	42,120	12,880	83.3
1915	3,417	13.7	46,752	14,684	85.0
1916	3,528	12.2	43,089	13,275	113.0
1917	5,059	11.9	60,321	16,352	176.4
1918	6,694	12.5	83,421	35,829	152.1
1919	7,168	11.0	78,659	40,454	145.9
1920	4,825	12.8	61,915	46,885	146.4
1921	4,851	12.6	61,023	29,244	84.0
1922	6,757	14.9	100,986	51,564	63.9
1923	4,936	11.3	55,961	19,900	59.3
1924	3,941	14.8	58,445	50,241	95.2
1925	3,800	11.1	42,316	12,646	79.1
1926	3,419	10.2	34,860	21,697	83.0
1927	3,458	14.8	51,076	26,345	83.5
1928	3,310	11.5	37,910	9,487	83.6
1929	3,130	11.3	35,282	2,599	85.7
1930	3,621	12.4	45,068	139	44.5
1931	3,162	10.6	33,378	908	34.1
1932	3,351	11.8	39,424	304	28.1
1933	2,418	8.9	21,418	3/ -11,994	62.7
1934	2,035	8.4	17,070	3/ -11,249	71.8
1935	4,141	14.2	58,597	3/ - 2,257	39.5
1936	2,774	9.1	25,319	3/ - 3,694	80.5
1937	3,839	12.9	49,449	6,578	68.6
1938	3,979	13.8	55,039	784	
1939 4/	4,100	10.0	40,834		

1/ From reports of Foreign and Domestic Commerce of the United States. Includes flour.
2/ December 1 farm price, 1900-1907.
3/ Net imports.
4/ Preliminary.

THE FLAXSEED SITUATION

BACKGROUND.- Prior to 1908 the United States production of flaxseed was generally in excess of domestic requirements, but since that time we have shifted from an export to an import basis. From 1910 to 1920, domestic flaxseed supplied more than one-half of our domestic requirements; from 1920 to 1929 it supplied between one-fourth and one-half. Production since 1928 has been greatly reduced as a result of low yields and reduced acreage. Domestic demand for flaxseed was at a low level during 1931 and 1932, but in the past few years it has improved materially. Prices of flaxseed in 1936-37 and 1937-38 were at the highest level since 1929-30. In 1938-39 prices averaged about 25 cents per bushel lower than in the 2 preceding years.

Domestic flaxseed supplies largest in 9 years

The domestic supply of flaxseed for 1939-40, including July 1 carry-over and August 1 indicated production, is 18,046,000 bushels compared with 10,370,000 bushels last year. A supply of this size would be the largest in 9 years. The larger supply this year is the result of increased acreage in all of the important flax-producing States. The 1939 crop, indicated on August 1 to be 15,750,000 bushels, compared with only 8,171,000 bushels last year, is the largest crop since 1930. Yields this year were below those of a year ago, but acreage was more than double the 1938 acreage. Of the total production, 9,622,000 bushels were indicated for Minnesota, 1,647,000 bushels for North Dakota, and 1,760,000 bushels for California. Last year the total quantity of flaxseed crushed amounted to 25,568,000 bushels, of which less than one-third was domestic flaxseed. The 1939-40 supply would fill about 70 percent of the domestic requirements if the quantity of flaxseed required is about the same as in 1938-39.

Foreign flaxseed supplies smaller than a year ago

Total world supplies of flaxseed were estimated to be slightly smaller on August 1 than on this date a year ago. The Argentine crop was estimated at 55,500,000 bushels compared with about 60,600,000 bushels the preceding year. After adjusting for the heavier exports during the period January-July, the total supply in Argentina on August 1 was estimated to be around 10 million bushels smaller than on that date last year. The 1939 Uruguay and Indian crops were slightly smaller than a year earlier, and it is estimated that supplies in these countries on August 1 were slightly below those of last year. The smaller production in the Southern Hemisphere was about offset by increased production in the United States and Canada, resulting in a total world supply on August 1 slightly below the 1938-39 supply.

Demand for flaxseed in 1938-39 about unchanged

The demand for flaxseed during 1938-39 was apparently about the same as during 1937-38, but somewhat reduced from that of 1936-37. The total quantity of linseed oil consumed in 1938-39 was estimated to be about 516 million pounds, as compared with 501 million pounds last year and 585 million pounds 2 years ago, when consumption was the largest since 1930-31.

The total value of building contracts in the United States awarded during the period January-June, 1939, was about $1,700,000,000 as compared with $1,300,000,000 last year. Much of the increase in the value of building contracts awarded was in residential building. The rate of residential building has been comparatively high during the past year as a result of the program of the Federal Housing Administration.

The index of building contracts awarded declined from January to May, then advanced to July. The preliminary July index of 67 was 12 points above the index for that month a year ago, and was the same as the July 1937 index. With the exception of 1937, the index was the highest since July 1930.

Flaxseed prices lower since June

The average price of No. 1 flaxseed at Minneapolis declined from $1.85 per bushel for the week ended June 17, to $1.50 for the week ended August 12. This sharp decline apparently reflects the harvesting of the large 1939 crop. During this same period the price of flaxseed at Buenos Aires declined from $1.21 to $1.13. Consequently the price margin between domestic flaxseed and that at Buenos Aires during this period declined from 64 to 37 cents per bushel. In view of the fact that domestic supplies are much larger this year, relative to foreign supplies than they have been during the past few years, this narrower margin is expected to continue during the 1939-40 marketing year. During 1938-39 the price of No. 1 flaxseed at Minneapolis averaged about 70 cents per bushel above the price of flaxseed at Buenos Aires. The average price received by United States farmers declined from $1.61 in June to $1.39 in July. Prices received by farmers in July 1939 were about 20 to 25 cents per bushel lower in all important producing States than in July 1938.